
SECOND SUBSTITUTE HOUSE BILL 3221

State of Washington 60th Legislature 2008 Regular Session

By House Finance (originally sponsored by Representatives Santos, Darneille, and Kenney)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to establishing the financial services
2 intermediary; and adding a new chapter to Title 43 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that many residents in
5 the state do not have access to the mainstream financial products and
6 services that are available to the general public. Despite efforts to
7 address these inequities, a significant number of people remain
8 unbanked or underbanked. New and innovative approaches need to be
9 created to encourage asset building, strengthen economic prosperity,
10 and ensure the sustainability of these communities.

11 The legislature intends to establish a framework that will provide
12 access to capital and services to low-income individuals through a
13 network of community-based organizations, financial institutions,
14 consumers, and local and state governments. The creation of this state
15 framework will allow state-chartered and tribal financial institutions
16 and credit unions to provide essential financial products and services
17 to low-income clients. These include, but are not limited to: Earned
18 income tax credit services, individual development accounts, short-term

1 loans, wire transmitting services, check cashing, mortgage loan
2 assistance, and financial literacy training to educate the client on
3 the importance of savings, investing, and borrowing.

4 NEW SECTION. **Sec. 2.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Individual development account" or "account" means an account
7 established by contract between a low-income individual and a
8 sponsoring organization for the benefit of the low-income individual
9 and funded through periodic contributions by the low-income individual
10 that are matched with contributions by or through the sponsoring
11 organization as provided in RCW 43.31.450 through 43.31.485.

12 (2) "Low-income individual" means a person whose household income
13 is equal to or less than either:

14 (a) Eighty percent of the median family income, adjusted for
15 household size, for the county or metropolitan statistical area where
16 the person resides; or

17 (b) Two hundred percent of the federal poverty guidelines updated
18 periodically in the federal register by the United States department of
19 health and human services under the authority of 42 U.S.C. Sec.
20 9902(2).

21 NEW SECTION. **Sec. 3.** (1) The department of financial institutions
22 and the department of community, trade, and economic development shall
23 jointly establish the financial services intermediary. The director of
24 the department of financial institutions and the director of the
25 department of community, trade, and economic development, or their
26 designees, shall convene and serve as cochairs of the intermediary.
27 The intermediary shall consist of ten members, or their designees, as
28 provided in this subsection.

29 (a) The director of the department of financial institutions;

30 (b) The director of the department of community, trade, and
31 economic development;

32 (c) The state treasurer;

33 (d) The executive director of the Washington state investment
34 board;

35 (e) The director of the department of revenue;

36 (f) The executive director of the housing finance commission;

- 1 (g) The executive director of the higher education coordinating
2 board;
- 3 (h) The executive director of the Washington state microenterprise
4 association;
- 5 (i) A member of the state board for community and technical
6 colleges; and
- 7 (j) A member of the financial literacy public-private partnership.
- 8 (2) Staff support for the financial services intermediary shall be
9 provided by the department of financial institutions and the department
10 of community, trade, and economic development or a person or nonprofit
11 entity as provided in subsection (3) of this section.
- 12 (3) The financial services intermediary may contract with a person
13 or a nonprofit entity to administer the financial services intermediary
14 who has relationships with the financial services sector and experience
15 working with nonprofit programs involving asset accumulation for low-
16 income individuals.
- 17 (4) The financial services intermediary, in cooperation with the
18 department of financial institutions and the department of community,
19 trade, and economic development, shall report to the legislature
20 November 15th of each year on:
- 21 (a) Whether programs of the financial services intermediary have
22 resulted in broader access to and use of mainstream financial services
23 and products by low-income individuals; and
- 24 (b) From the perspective of financial institutions, whether low-
25 income clients who have participated in programs of the financial
26 services intermediary are better informed about the financial services
27 and products available to them.
- 28 (5) The financial services intermediary is established to:
- 29 (a) Improve the ability of low-income individuals to access and use
30 mainstream financial products offered by financial institutions;
- 31 (b) Identify strategies to make more mainstream financial products
32 available to low-income individuals;
- 33 (c) Coordinate with financial institutions to leverage the
34 financial resources of low-income individuals served by community-based
35 asset building coalitions to offer mainstream financial services to
36 those individuals;
- 37 (d) Consult and cooperate with organizations and government

1 agencies that are already engaged in asset building and financial
2 literacy activities, such as the financial literacy public-private
3 partnership established in RCW 28A.300.450;

4 (e) Enter into memoranda of agreement with community-based asset
5 building coalitions and financial institutions as provided in section
6 4 of this act; and

7 (f) Perform other duties as deemed appropriate by the intermediary.

8 NEW SECTION. **Sec. 4.** (1) Financial institutions and community-
9 based asset building coalitions choosing to participate in the programs
10 of the financial services intermediary shall enter into and comply with
11 the terms of memoranda of agreement with the financial services
12 intermediary.

13 (2)(a) Memoranda of agreement between financial institutions and
14 the financial services intermediary shall require that financial
15 institutions:

16 (i) Offer mainstream financial products and services to low-income
17 individuals who are party to a contract as provided in subsection (3)
18 of this section;

19 (ii) Cooperate with and provide feedback to the financial services
20 intermediary, community-based asset building coalitions, and other
21 organizations and governmental agencies that are offering financial
22 literacy programs;

23 (iii) Provide information to the financial services intermediary to
24 assist in meeting its reporting requirements in section 3(4) of this
25 act; and

26 (iv) Meet other requirements as established through the memoranda
27 of agreement with the financial services intermediary.

28 (b) Memoranda of agreement between community-based asset building
29 coalitions and the financial services intermediary shall require that
30 community-based asset building coalitions:

31 (i) Offer individual development account programs as provided in
32 RCW 43.31.450 through 43.31.485;

33 (ii) Offer financial literacy programs, approved by the financial
34 services intermediary, for low-income individuals;

35 (iii) Provide information to the financial services intermediary to
36 assist in meeting its reporting requirements in section 3(4) of this
37 act; and

1 (iv) Meet other requirements as established by the financial
2 services intermediary.

3 (3) Low-income individuals who participate in the programs of the
4 financial services intermediary shall:

5 (a) Adhere to rules and procedures for individual development
6 accounts as established in RCW 43.31.450 through 43.31.485;

7 (b) Participate in financial literacy programs approved by the
8 financial services intermediary; and

9 (c) Meet other requirements as established by the financial
10 services intermediary.

11 NEW SECTION. **Sec. 5.** (1) The department of financial institutions
12 shall track and monitor financial institutions' participation in the
13 programs of the financial services intermediary and share this
14 information with the intermediary.

15 (2) Participation by banks in the programs of the financial
16 services intermediary shall be considered by the director of financial
17 institutions when he or she assesses the bank's performance record in
18 meeting community credit needs as provided in RCW 30.60.010.

19 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute
20 a new chapter in Title 43 RCW.

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